

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division**

In re:)	Chapter 11
)	
PORTRAIT INNOVATIONS, INC.,)	Case No. 17- _____
)	
Debtor.)	
_____)	
)	
In re:)	Chapter 11
)	
PORTRAIT INNOVATIONS)	Case No. 17- _____
HOLDING COMPANY,)	
)	
Debtor.)	
_____)	

**DEBTORS' MOTION FOR ORDER DIRECTING JOINT
ADMINISTRATION OF RELATED CHAPTER 11 CASES**

Portrait Innovations, Inc. ("Portrait") and Portrait Innovations Holding Company ("Holding" and with Portrait, collectively, the "Debtors")¹, debtors and debtors-in-possession in the above-captioned case, hereby move the Court (the "Motion") for entry of an order, pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1, (a) directing the joint administration of the Debtors' chapter 11 cases and (b) granting certain related relief. In support of this Motion, the Debtors respectfully state as follows:

JURISDICTION

1. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of these proceedings and the Motion in this Court is proper under 28 U.S.C. §§ 1408 and 1409.

¹ The Debtors in these jointly administered cases are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Portrait Innovations, Inc. (9394) and Portrait Innovations Holding Company (5553). The Debtors address is 2016 Aysley Town Center Boulevard, Suite 200, Charlotte North Carolina 28273.

2. The statutory bases for the relief requested herein are sections 105(a) of the Bankruptcy Code, Rule 1015(b) of the Bankruptcy Rules, and Rule 1015-1 of the Local Rules.

BACKGROUND

3. On September 1, 2017 (the “Petition Date”), the Debtors filed their respective voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No creditors’ committee, trustee, or examiner has been appointed in these cases.

5. In support of this Motion, the Debtors rely on the Affidavit of John Grosso in Support of First Day Relief (the “Grosso Affidavit.”).²

6. The Debtor Portrait, a Delaware corporation, is a wholly-owned subsidiary of Debtor Holding, also a Delaware corporation. Both Portrait and Holding are headquartered in Charlotte, North Carolina. Holding’s sole business is ownership of the Portrait equity interest, and Portrait’s business involves the ownership and operation of numerous portrait studios throughout the United States.

7. Through these chapter 11 cases, the Debtors plan to reorganize by rejecting certain leases for certain portrait studios thereby improving cash flow and allowing the Debtors to focus on higher performing studios, including new studios opened in certain Wal-Mart locations. The Debtors further plan to attract new capital for their business through implementing a restructuring transaction whereby substantially all of Portrait’s assets would be transferred to a newly created entity (the “Reorganized Debtor”), and the stock of the Reorganized Debtor would be sold to new equity ownership through a rapid but thorough marketing and auction process.

RELIEF REQUESTED

8. By this Motion, the Debtors seek entry of an order, pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1, directing the joint administration of the Debtors' chapter 11 cases.

9. The Debtors also request the entry of an order directing parties in interest to use the following consolidated caption to indicate that any pleading filed relates to the jointly administered bankruptcy cases of "Portrait Innovations, Inc., et al.":

**UNITED STATES BANKRUPTCY COURT
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In re:)	Chapter 11
)	
PORTRAIT INNOVATIONS, INC., et al.)	Case No. 17- _____
)	
Debtors. ³)	(Jointly Administered)
_____)	

10. Finally, the Debtors request that a docket entry be made on the docket in the chapter 11 case of Holding substantially as follows:

An order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Portrait Innovations, Inc. and Portrait Innovations Holding Company. The docket of Portrait Innovations, Inc., Case No. 17- _____ (____) should be consulted for all matters affecting this case.

² Any capitalized terms not defined herein shall have the meaning attributed to them in the Grosso Affidavit.

³ The Debtors in these jointly administered cases are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Portrait Innovations, Inc. (9394) and Portrait Innovations Holding Company (5553). The Debtors address is 2016 Aysley Town Center Boulevard, Suite 200, Charlotte North Carolina 28273.

BASIS FOR RELIEF

11. Bankruptcy Rule 1015(b) provides, in relevant part, “if a joint petition or two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates.” Local Rule 1015-1 states that “[t]he bankruptcy estates of related cases may be jointly administered only by order of the Court after notice and hearing.” Holding is the parent of Portrait, and, accordingly, the Debtors are “affiliates,” as that term is defined in Section 101(2) of the Bankruptcy Code. An order of joint administration relates to the routine administration of a case and may be entered by the Court after notice and a hearing. *See* Local Rule 1015-1. Accordingly, this Court is authorized to grant the relief requested herein.

12. The joint administration of the Debtors’ chapter 11 cases will permit the Clerk of Court to utilize a single general docket for these cases and combine notices to creditors of the Debtors’ respective estates and other parties in interest. Entering an order directing joint administration of the Debtors’ chapter 11 cases will avoid the need for duplicative notices, motions, and applications, thereby saving time and expense. Joint administration also will enable parties in interest in each of the above-captioned chapter 11 cases to be apprised of the various matters before the Court in each of these cases. The Court also will be relieved of the burden of entering duplicative orders and maintaining redundant files in two cases. Finally, because this is not a motion for the substantive consolidation of the Debtors’ estates, the rights of parties in interest will not be prejudiced or otherwise affected in any way by the entry of an order directing the joint administration of the Debtors’ chapter 11 cases for procedural purposes only.

13. Pursuant to Section 342(c)(1) of the Bankruptcy Code, “[i]f notice required to be given by the debtor to a creditor . . . such notice shall contain the name, address, and last four

digits of the taxpayer identification number of the debtor.” The proposed caption above contains all of the required information and, therefore, satisfies the terms of Section 342(c) of the Bankruptcy Code.

NOTICE

14. Notice of this Motion has been given to the following parties: (i) the holders of the twenty largest general unsecured claims against Portrait Innovations; (ii) the Internal Revenue Service⁴; (iii) the Office of the United States Bankruptcy Administrator for the Western District of North Carolina; and (iv) counsel for CapitalSouth Partners Fund II Limited Partnership and CapitalSouth Partners SBIC Fund III, L.P., as proposed post-petition lenders (the “DIP Lenders”), and counsel for the DIP Lenders and CapitalSouth Partners Florida Sidecar Fund II, L.P. as holders of the Debtors’ pre-petition senior secured debt. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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⁴ The Internal Revenue Service, CapitalSouth Partners Fund II Limited Partnership, CapitalSouth Partners SBIC Fund III, L.P. and CapitalSouth Partners Florida Sidecar Fund II, L.P. are Holding’s only creditors. Holding disputes the claim of the Internal Revenue Service.

WHEREFORE, the Debtors respectfully request the Court conduct a hearing on this Motion as scheduled by the Court and enter an Order, substantially in the form attached hereto as Exhibit A, (a) directing the joint administration of the Debtors' chapter 11 cases and (b) granting certain related relief.

This the 1st day of September, 2017.

By: /s/ John R. Miller, Jr.
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Proposed Counsel to the Debtors

EXHIBIT A

PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division**

In re:)	Chapter 11
)	
PORTRAIT INNOVATIONS, INC.,)	Case No. 17- _____
)	
Debtor.)	
_____)	

In re:)	Chapter 11
)	
PORTRAIT INNOVATIONS)	Case No. 17- _____
HOLDING COMPANY,)	
)	
Debtor.)	
_____)	

ORDER DIRECTING JOINT ADMINISTRATION OF RELATED CHAPTER 11 CASES

Upon the motion (the “Motion”)¹ of Portrait Innovations, Inc. (“Portrait”) and Portrait Innovations Holding Company (“Holding” with Portrait, collectively, the “Debtors”)², debtors and debtors-in-possession in the above-captioned case, for entry of an order, pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1, (a) directing the joint administration of the

¹ Capitalized terms used, but not defined, herein shall have the meanings set forth in the Motion.

² The Debtors in these jointly administered cases are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Portrait Innovations, Inc. (9394) and Portrait Innovations Holding Company (5553). The Debtors address is 2016 Aysley Town Center Boulevard, Suite 200, Charlotte North Carolina 28273.

Debtors' chapter 11 cases and (b) granting certain related relief; and upon the Grosso Affidavit; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and upon the record therein; and it appearing that the relief requested by the Motion is in the best interests of the Debtors' estates, their creditors, and other parties-in-interest; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered. The Clerk of Court shall maintain one file and one docket for these jointly administered cases, which file and docket for each chapter 11 case shall be the file and docket for Portrait Innovations, Inc., Case No. 17-_____ (____).
3. Parties in interest are directed to use the following caption, which satisfies the requirements of Section 342(c) of the Bankruptcy Code in all respects, when filing a pleading with the Court in this chapter 11 cases of the Debtors indicated that the pleading relates to the jointly administered chapter 11 cases of "Portrait Innovations, Inc., et al.":

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In re:)	Chapter 11
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PORTRAIT INNOVATIONS, INC., et al.)	Case No. 17-_____
)	
Debtors. ³)	(Jointly Administered)
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³ The Debtors in these jointly administered cases are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Portrait Innovations, Inc. (9394) and Portrait Innovations Holding Company (5553). The Debtors address is 2016 Ayrsley Town Center Boulevard, Suite 200, Charlotte North Carolina 28273.

4. A docket entry shall be made on the docket for Portrait Innovations Holding Company substantially as follows:

An order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Portrait Innovations, Inc. and Portrait Innovations Holding Company. The docket of Portrait Innovations, Inc., Case No. 17-_____ (____) should be consulted for all matters affecting this case.

5. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effectuating a substantive consolidation of any of the above-captioned chapter 11 cases.

6. Pursuant to Local Rule 9013-1(f), any party shall be entitled to request a hearing or request that the Court reconsider entry of this Order by filing a motion for reconsideration within fourteen (14) days of service of this Order.

This Order has been signed electronically. The judge's signature and court's seal appear at the top of the Order.

United States Bankruptcy Court